GIORDANO, HALLERAN & CIESLA, P.C.

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Attorneys for Plaintiff, THE National Bank By: Timothy D. Lyons, Esq. (4834)

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY

THE NATIONAL BANK,

Plaintiff,

v.

Civ. Action No. 10-cv-

ALLIED HEALTHCARE SERVICES, INC. and CHARLES K. SCHWARTZ,

COMPLAINT AND JURY DEMAND

Defendants.

Plaintiff, THE National Bank (hereinafter "National Bank" or "Plaintiff"), having a principal address at 852 Middle Road, Bettendorf, Iowa, by and through counsel, Giordano Halleran & Ciesla, P.C., alleges and states by way of Complaint against Defendants, Allied Healthcare Services, Inc. and Charles K. Schwartz, as follows:

NATURE OF ACTION, PARTIES, JURISDICTION AND VENUE

1. Plaintiff herein seeks to enforce certain rights it has as assignee, in an equipment lease with defendant, Allied Healthcare Services, Inc. (hereinafter "Allied"), as lessee.

- 2. All of Allied's obligations under the Lease were guaranteed by its principal, Defendant, Charles K. Schwartz (hereinafter "Schwartz").
- 3. Plaintiff alleges this Court has original jurisdiction over the parties in the action pursuant to 28 U.S.C. §1332(a) in that this matter in controversy exceeds the sum of \$75,000, exclusive of interest and costs due, and exists as a matter with complete diversity of citizenship between the parties, in that the parties are citizens of different states.
- 4. Plaintiff alleges venue lies properly in the district of New Jersey pursuant to 28 U.S.C. §1391(a) in that both Defendants are residents and citizens of New Jersey and that a substantial part of the events or actions giving rise to the claims raised by Plaintiff have occurred in this district, and because a substantial part, if not all, of the property that is subject to the claims raised by Plaintiff in this action are located in this jurisdiction.
- 5. Plaintiff, THE National Bank, is a nationally chartered bank with legal headquarters in Illinois, and a principal place of business in Bettendorf, Iowa.
- 6. Defendant, Allied, is a New Jersey corporation with a principal place of business at 89 Main Street, Orange, New Jersey 07051.

7. Defendant Schwartz is an individual who is a citizen and resident of the State of New Jersey, residing at 37 Timberline Drive, Sparta, New Jersey 07871.

FIRST COUNT (Breach of Contract/Lease Agreement)

8. Plaintiff repeats and realleges all allegations contained in Paragraphs 1 through 7 of the Nature of Action, Parties, Jurisdiction and Venue of Action of the Complaint and Jury Demand as if set forth more fully herein.

The Equipment Lease Agreement

- 9. On or about February 22, 2007 First Premier Financing, LLC (hereinafter "First Premier") entered into a certain Equipment Lease Agreement (hereinafter "Lease" or "Lease Agreement") with Allied, by which First Premier agreed to lease to Allied certain medical ventilator units. A true copy of the Lease Agreement is annexed hereto as Exhibit A.
- 10. The equipment leased from First Premier to Allied pursuant to the Lease Agreement was itemized on separate Lease Schedules, i.e. Lease Schedule, Nos. 014, 015 and 026, which were fully incorporated into the Lease Agreement. A true copy of the Lease Schedules are annexed hereto as **Exhibit B**.
- 11. Each Lease Schedule provided the terms by which Allied agreed to make monthly payments (also identified as "Charges")

- to Allied in consideration for receiving and using the equipment.
- 12. The Lease Agreement provided definitive terms as to terms of a default by Allied under the Lease Agreement, as follows:
 - Paragraph 12: <u>Event of Default</u>. The occurrences of any of the following events shall constitute an event of default under the Lease Agreement and/or any Lease Schedule:
 - (a) Lessee fails to perform or observe any condition, covenant, representation or warrantee under this Lease Agreement and fails to cure such default within fifteen (15) days of the Lessor has sent Lessee notice of such default;
 - (b) a receiver is appointed for Lessee, Lessee makes an assignment for the benefit of creditors, or petition in bankruptcy is filed by or against Lessee;
 - (c) Lessee becomes insolvent or fails generally to pay its debts as they become due, or any items of Equipment are levied against or seized or a bulk sale of Lessee's inventory or assets is about to take place;
 - (d) Lessee fails to make any payment owed to Lessor hereunder within fifteen (15) days after its due date;
 - (e) any representation or warranty made by Lessee hereunder or in any other document provided to Lessor proves to have been incorrect in any material respect when made; or
 - (f) Lessee voluntarily dissolves or is dissolved or its existence is otherwise terminated.

- 13. In accordance with the terms of the Lease Agreement, upon any event of default by Allied, First Premier, as Lessor, was granted express remedies including, but not limited to, the following:
 - (1) Recover from Lessee all accrued and unpaid Charges and other amounts then due and owing under the terms thereof;
 - (2) Recover from Lessee from time to time all Charges and other amounts as and when becoming due hereunder;
 - (3) Accelerate and cause to become immediately due and payable all Charges and other amounts due and/or likely to become due hereunder and recover from Lessee then worth to Lessor of such amounts;
 - (4) Cause to become immediately due and payable and recover from Lessee (i) the then applicable Unrecovered Investment in the Equipment plus (ii) the then worth to Lessor or its anticipated remaining loss of bargain.
 - Retake possession of the Equipment without liability to Lessee therefore which hereby expressly waived. and (1) terminate the term of the Lease Agreement as to the Equipment, (2) recover from Lessee all accrued and unpaid Charges and other amounts owing under the terms hereof, (3) sell the Equipment at public or private and recover from Lessee difference, if any, by which the Proceeds of sale shall be less than (i) the Lessor's then applicable Unrecovered Investment in the Equipment, plus (ii) the then worth to Lessor of its anticipated remaining loss of bargain, (4) re-lease the Equipment to a third party for the account of Lessee and recover from Lessee when becoming due any deficiency between Charges provided herein and those received

from such third party, (5) re-lease the Equipment to a third party for the account of Lessee and recover from Lessee the then worth to Lessor of any deficiency between the Charges provided herein and those receivable from third party over the released term, (6) recover from Lessee the then worth to Lessor of the excess of the Charges recovered herein the balance of the whole term.

- 14. The Lease Agreement further provided, at Paragraph 14, that Allied agreed to be obligated to pay to First Premier, as Lessor, all of Lessor's reasonable costs of collection or other out-of-pocket costs and expenses and attorneys' fees incurred as a result of any default by Allied on the Lease Agreement.
- 15. The Lease Agreement, at Paragraph 15, provided that First Premier, as Lessor, had the right to assign its interests in the Lease Agreement.

The Personal Guarantee of Charles Schwartz

- 16. On or about February 27, 2007, Defendant, Charles K. Schwartz, as principal of Allied, entered into an Absolute Unconditional and Continuing Guarantee Agreement (hereinafter "Guarantee Agreement") with First Premier.
- 17. Pursuant to the Guarantee Agreement Schwartz absolutely, unconditionally and irrevocably personally guaranteed to First Premier, as Lessor, the punctual payment, observance and performance by Allied of all obligations and liabilities of Allied under the Lease Agreement, both present

and future, and any and all subsequent renewals, continuations, modifications, supplements and amendments of or to the Lease Agreement.

- 18. In the Guarantee Agreement, Schwartz also absolutely, unconditionally and personally guaranteed to First Premier that if Allied failed to pay, observe or perform any or all of its obligations under the Lease Agreement, then Schwartz would immediately pay, perform or observe any and each such obligation on behalf of Allied for the direct and immediate benefit of First Premier.
- 19. The Guarantee Agreement provided that the personal guarantee by Schwartz would be effective immediately as of the date of the execution of the Guarantee Agreement by him, i.e. February 27, 2007, and would remain in full force and effect until all obligations under the Lease Agreement were performed and observed in full by Allied.
- 20. Paragraph 8 of the Guarantee Agreement provided that First Premier had the absolute right, at any time, to sell, assign or transfer or otherwise dispose of its interests in the Guarantee Agreement.
- 21. In Paragraph 12 of the Guarantee Agreement, Schwartz, as guarantor, agreed that in the event of any default by Allied under the Lease Agreement, then any and all obligations of Schwartz under the Guarantee Agreement would become due and

payable to First Premier immediately under the Guarantee Agreement.

The Assignment of the Lease Agreement

- 22. In the Spring of 2008 First Premier entered into certain assignment agreements, Collateral Assignment of Lease Payments and Equipment (hereinafter "Assignment Agreements") with Plaintiff, THE National Bank, by which First Premier, as assignor, assigned to THE National Bank, as assignee, all of First Premier's rights to payments due or to become due under the Lease Agreement from Allied.
- 23. On March 17, 2008 First Premier entered into an Assignment Agreement with Plaintiff, which was fully funded by Plaintiff, with specific regards to Lease Schedule No. 14. Annexed hereto as **Exhibit C** is a true copy of the Assignment Agreement.
- 24. On April 4, 2008 First Premier entered into an Assignment Agreement with Plaintiff, which was fully funded by Plaintiff, with specific regards to Lease Schedule No. 15. Annexed hereto as **Exhibit D** is a true copy of the Assignment Agreement.
- 25. On March 3, 2009 First Premier entered into an Assignment Agreement with Plaintiff, which was fully funded by Plaintiff, with specific regards to Lease Schedule No. 26.

Annexed hereto as $\operatorname{\textbf{Exhibit}} \operatorname{\textbf{E}}$ is a true copy of the Assignment Agreement.

- 26. As consideration for entering into each of the Assignment Agreements, Plaintiff, THE National Bank, paid First Premier the sum of \$250,000 per agreement.
- 27. There currently remains a balance due and owing from Allied to Plaintiff on Lease No. 14 of an amount not less than \$204,000.
- 28. There currently remains a balance due and owing from Allied to Plaintiff on Lease No. 15 of an amount not less than \$210,000.
- 29. There currently remains a balance due and owing from Allied to Plaintiff on Lease No. 26 of an amount not less than \$263,209.

The Default of the Defendants under the Lease Agreement and the Guarantee Agreement

- 30. Plaintiff has provided written and verbal notice to Allied demanding the payments due by Allied pursuant to the terms of the Lease Agreement, and advising Allied that it is in default under the Lease Agreement.
- 31. Allied has defaulted under the Lease Agreement by failing and refusing to make Lease payments, i.e. Charges, to Plaintiff as the same have become due and owing under the Lease Agreement.

- 32. Despite such notice Defendant Allied has failed and refused to make any payment(s) to Plaintiff, or otherwise cure the default(s).
- 33. Plaintiff has made written and verbal demands that Schwartz cure the default of Allied and make all payments due from Allied to Plaintiff.
- 34. Plaintiff has provided written and verbal notice to Schwartz regarding the default(s) of Allied under the Lease Agreement.
- 35. Under Paragraph 14 of the Lease Agreement Allied had agreed to be liable to pay all of Plaintiff's attorneys' fees, costs and expenses incurred in the event of any default or action brought to enforce the rights of Plaintiff under the Lease Agreement.
- 36. As a result of the foregoing, Allied through its actions and failure to act has breached the Lease Agreement, and is thereby liable for all damages incurred by Plaintiff including all compensatory damages, incidental damages, consequential damages and all additional damages due as fees and costs under the Lease Agreement.

WHEREFORE, Plaintiff, THE National Bank, herein demands judgment against Defendants, Allied Healthcare Services, Inc. and Charles K. Schwartz, for all compensatory damages, incidental damages, consequential damages and all additional

damages due under the Lease Agreement and the Guarantee Agreement, including all attorneys' fees and costs of suit incurred by Plaintiff, and any other relief deemed equitable and just by this Court.

SECOND COUNT (Breach of Contract/Guarantee Agreement)

- 37. Plaintiff repeats and realleges all allegations contained in Paragraphs 1 through 7 of the Nature of Action, Parties, Jurisdiction and Venue of Action and First Count of the Complaint and Jury Demand as if set forth more fully herein.
- 38. Schwartz personally and unconditionally guaranteed the payment of all obligations of Allied to Plaintiff under the Lease Agreement by entering into the Guarantee Agreement.
- 39. Allied has defaulted on its obligations to make payments, i.e., Charges, to Plaintiff under the Lease Agreement.
- 40. Plaintiff has provided Schwartz, as the personal guarantor, proof and evidence that Allied is in default under the Lease Agreement, and the amount due from Allied under the Lease Agreement.
 - 41. Plaintiff has made demand for payment from Schwartz.
- 42. Schwartz is in breach of and default under the Guarantee by failing and refusing to satisfy Allied's

obligations under the Lease Agreement despite demand made by Plaintiff of Schwartz.

43. Schwartz is liable to Plaintiff for all amounts due under the Lease Agreement, including all costs and attorneys' fees incurred in enforcing the Lease Agreement against Allied as well as enforcing the Guarantee Agreement as against Schwartz directly.

WHEREFORE, Plaintiff, THE National Bank, herein demands judgment against Defendant, Charles K. Schwartz, for all compensatory damages, incidental damages, consequential damages and all additional damages due under the Lease Agreement, including all attorneys' fees and costs of suit, and any other relief deemed equitable and just by this Court.

THIRD COUNT (Replevin)

- 44. Plaintiff repeats and realleges all allegations contained in Paragraphs 1 through 7 of the Nature of Action, Parties, Jurisdiction and Venue of Action and First and Second Counts of the Complaint and Jury Demand as if set forth more fully herein.
- 45. Pursuant to the terms of the Lease Agreement Plaintiff is entitled to the remedy of repossession of the equipment upon default by Allied.

- 46. In addition to the terms in Paragraph 13 of the Lease Agreement, N.J.S.A. 2A:525(2) provides that a lessor of equipment has legal right to take possession of the leased goods upon default by the lessee under a lease agreement.
- 47. By reason of the foregoing, Plaintiff is entitled to take immediate and complete repossession of the leased equipment from Allied and/or Schwartz.

WHEREFORE, Plaintiff, THE National Bank, herein demands judgment against Defendant, Allied Healthcare Services, Inc. and Charles K. Schwartz, for the following relief:

- Declaration and direction that Allied and/or Schwartz immediately turn over all leased equipment to Plaintiff in an immediate, prompt and peaceful manner;
- 2. This Court issue a writ of replevin for possession of the equipment to the benefit of the Plaintiff;
- 3. Judgment for all compensatory, incidental and consequential damages;
- 4. An award for all attorneys' fees, costs and expenses incurred in this matter, and any such other relief deemed appropriate by this Court.

FOURTH COUNT (Unjust Enrichment)

48. Plaintiff repeats and realleges all allegations contained in Paragraphs 1 through 7 of the Nature of Action,

Parties, Jurisdiction and Venue of Action and First through Third Counts of the Complaint and Jury Demand as if set forth more fully herein.

- 49. In violation of the Lease Agreement and Guarantee Agreement, Defendants Allied and Schwartz have used, possessed, enjoyed and benefited from the possession of the leased equipment without making the payments that are due and owing to Plaintiff for same.
- 50. To allow Defendants Allied and Schwartz to retain the benefit of the possession, benefit, use and enjoyment of the leased equipment without making the required payments due under the Lease Agreement would be against the interests of the Plaintiff.
- 51. Defendants Allied and Schwartz have and continue to be unjustly enriched to the detriment of Plaintiff.
- 52. As a result of the Defendants' unjust enrichment, Plaintiff has incurred damages and stands to incur future damages.

WHEREFORE, Plaintiff, THE National Bank, herein demands judgment against Defendants, Allied Healthcare Services, Inc. and Charles K. Schwartz, for all compensatory damages, incidental damages, consequential damages and all additional damages due under the Lease Agreement and the Guarantee Agreement, including all attorneys' fees and costs of suit

incurred by Plaintiff, and any other relief deemed equitable and just by this Court.

DEMAND FOR TRIAL BY JURY

PLEASE TAKE NOTICE, that the Plaintiff demands a trial of the issues by a jury of six.

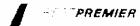
GIORDANO, HALLERAN & CIESLA A Professional Corporation Attorneys for Plaintiff

By: /s/
TIMOTHY D. LYONS, ESQ. (4834)

Dated: July 19, 2010

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EXHIBIT A



5201 Eden Ave. Suite 180 Edina, MN 55436 (952)224-2450

THIS IS A CERTIFIED OF COPY OF THE ORIGINAL.

Lease Agreement Number: ALL022207

LEASE AGREEMENT

This Lease Agreement, dated as of the 22^{ad} day of February, 2007, between FIRST PREMIER CAPITAL LLC

(the "Lessor") and Allied Health Care Services, Inc. (the "Lessee")

(Lessee Legal Name)

89 Main Street
(Lessee Address)

Orange, NJ 07051

Lessor has agreed to provide certain Equipment to Lessee subject to the terms of this Lease Agreement. Bach item of Equipment and the financial terms applicable to it will be described in one or more Lease Schedules to be attached to this Lease Agreement. Each Lease Schedule shall constitute a separate, distinct, and independent lease and contractual obligation of Lessee. Each Lease Schedule shall incorporate this Lease Agreement by reference and shall be governed by the terms and conditions of this Lease Agreement as well as the terms and conditions in the Lease Schedule.

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This Lease Agreement is affective from the date it is executed by both parties. The term of this Lease Agreement as to all Equipment designated on arry particular Lease Schedule shall commence on the Installation Date for all Equipment on such Lease Schedule and shall continue for an initial period ending that number of months from the Commencement Date as set forth in such Lease Schedule, (the "Initial Term") and shall continue from year to year thoreafter until terminated. The term of this Lease Agreement as to all Equipment designated on any particular Lease Schedule may be terminated without cause at the end of the Initial Term or any anniversary date thereafter by either party mailing written notice of its termination to the other party not less than one handred twenty (120) days prior to such termination date.

2. Commencement Date

The Installation Date for each item of Equipment shall be the day following the date said item of Equipment is delivered to the location of Installation and is ready for use. The Commencement Date for any Lesse Schedule is the first of the month following Installation of all the Equipment on any Lease Schedule, unless the latest Installation Date for any Equipment on the Lesse Schedule falls on the first day of the month, in which case that is the Commencement Date. If Lessor does not receive a Certificate of Acceptance which Lessee agrees to provide upon Installation of any item of Equipment or written notification of Lessee's dissatisfaction within seven days after receipt of any item of Equipment, Lessor will assume that Lessee is satusfied and accepts the Equipment.

3. Charges

The Charges for the Equipment delivered pursuant to this Lease Agreement shall be the aggregate Charges set forth on each and every Lease Schedule executed pursuant hereto. Lessee promises to pay Lessor the Charges in accordance with the Lease Schedule(s), and the payments shall be imade at Lesson's address indicated thereon. The Monthly Charge shall be paid by Lessee monthly in advance with the first full month's payment due on the Commencement Date. If the Installation Date does not fall on the first day of a month, the Charge for the period from the Installation Date to the Commencement Date shall be an amount equal to the Monthly Charges divided by thirty (30) and multiplied by the number of days from and including the Installation date to the Commencement Date. Charges for taxes rnade in accordance with Section 4 and charges made under any other provision of this Lesse Agreement and payable by Lesses shall be paid to Lessor at Lessor's address specified on the Lesso Schedule(s) on the date specified in invoices delivered to Lessee. Lessee agrees that if payment as specified above is not received by Lessor on the due date, Lessee shall, to the extent permitted by law, pay on demand, as a late charge, an amount equal to one and one-half percent (1 1/2%) or the maximum percentage allowed by law, whichever is less, of the amount then due for each thirty (30) days or portions thereof that said overdue payments are not made

4. Taxes

in addition to the Charges set forth in Section 3, Leasee shall be responsible for the timely payment and discharge of all license or registration fees, assessments, sales and use taxes, crital taxes, gross receipts taxes, personal property taxes and other taxes raw or hereafter imposed by any federal, state or local government upon the Equipment, the Charges or upon

the ownership, leasing, renting, purchase, possession or use of the Equipment (whether the same be assessed to Lessor or Lessee). Lessee shall be responsible for the negotiating and filing of property taxes on the Equipment and shall indemnify Lessor to the extent of any such impaid property taxes (including penalties and interest) and costs of Lessor associated therewith. Except as otherwise required by law or except as otherwise directed from time to time by Lessor, Lessee shall pay and discharge at least ten days before delinquency any and all such fees, assessments and taxes directly to the proper levying authority. Nothing herein shall be deemed to prevent Lessor from itself paying and discharging any such taxes, fees or assessments and Lessee shall pay to Lessor the amount of any such taxes, fees, or assessments remitted by Lessor within ten days of notice thereof. Lessoc, upon notice to Lessor, may, in Lessee's own name, contest or protest any such taxes, except when in Lessor's sole opinion such contest is futile or will cause a levy or lien to arise on the Equipment or cloud Lessor's title thereto. Lessee shall, in addition, be responsible to Lessor for the payment and discharge of any penalties or interest. Nothing herein shall be construed to require Lessee to be responsible for any federal or state taxes or payments in lieu thereof, imposed upon or measured by the net income of Lessor, or state franchise taxes of Leasor

5. Return to Lessor

Upon the termination of this Lease Agreement as to the Equipment on any Lease Schedule, Lessee shall prepare the Equipment for shipping and deliver and pay for such delivery of the Equipment to a destination of Lesson's choice. Lessee will bear the risk of loss until delivery of the Equipment to Lesson.

6. Maintenance

Lessee will keep the Equipment in good working order in accordance with the provision of the manufacturer's maintenance agreement and make all necessary adjustments and repairs to the Equipment so that upon the termination of this Lease Agreement, the Equipment shall be eligible for the manufacturer's standard maintenance agreement.

7. Lecation, Ownership and Use

Descer acknowledges and agrees that (a) it does not have any title, property right or interest in the Equipment, except solely in the especity of Lessee hereunder. (b) Lesser or its agents shall have the right to inspect the Equipment from time to time during reasonable business hours at its then-current location, (c) Lessee shall keep the Equipment at all times free and clear from all claims, levies, liens, encumbrances and process, (d) Lessee shall give Lesson immediate notice of any such attachment or other judicial process affecting any of the Equipment, and (c) Lessee shall not pledge, lend, create a security interest in, sublet or part with possession of the Equipment or any part thereof, or attempt in any manner to dispose thereof, or remove the Equipment or any part thereof, from the Location of Installation as specified in the appropriate Lesso Schedule(s) without Lesson's written permission.

8. Financing Statement

Lessor is bereby authorized by Lessee to cause this Lesse Agreement or other instruments, including Uniform Commercial Code Financing Statements, to be filed or recorded for the purposes of showing Lessor's interest in the Equipment. Lessee agrees to execute any such instruments as Lessor may request from time to time.

Leasee agrees that if Article 2A-Leuses of the Uniform Commercial Code applies to this Lease Agreement, the Lease Agreement and Lease Schedules to this Lease Agreement, the Lease Agreement and Lease Schedules shall be considered a "Finance Lease" as that term is defined in Article 2A. By signing this Lease Agreement and any Lease Schedulea, Leasee agrees that either (a) Leasee has reviewed, approved and received a copy of the supply contract or (b) that Leaser has informed Leasee of the identity of the supplier that Leasee may have rights under the supply contract, and that Lessee may contact the supplier for a description of those rights. TO THE EXTENT PERMITTED BY APPLICABLE LAW, LESSEE WAIVES ANY AND ALL RIGHTS AND REMEDIES CONFERRED UPON A LESSEE BY ARTICLE 2A.

9. Loss and Damage

Lessee assumes and shall bear the entire risk of loss, theft, destruction or damage of or to the Equipment (herein "loss or damage") from any cause, whether or not covered by insurance, and no such loss shall release Lessee of its obligation hereunder. In the event of loss or damage, Lessee shall restore the Equipment to, or, at the option of Lesses, replace it with like equipment in good condition and repair with clear title to Lessor, reasonable wear and tear excepted. Lessee shall give Lessor prompt notice of any damage to, or loss of, the Equipment or any part thereof.

10. Insurance

Commencing upon delivery of the Equipment to Lessee and continuing thereafter, until Lessee has delivered possession of the Equipment to Lesso Lessee, at its expense, shall keep the Equipment adequately insured with responsible insurers satisfactory to Lessor, and said insurance shall protect all interests of Lessor and be for such risks including the liability of Lessor for public liability and property damage and be in such amounts as Lessor may require. Said insurance shall be primary insurance and shall cover the interest of both the Lessor and Lessoe in the Equipment, and shall protect both the Lessor and Lessoe in respect to all risks arising out of the condition, delivery, installation, maintenance, use or operation of the Equipment. insurance shall provide for thirty (30) days prior written notice to Lessor of cancellation, restriction or reduction of coverage. Copies of all policies or certificates of insurance shall be delivered to Lessor by Lessoc. In no event shall loss or damage insurance on the Equipment be in an amount less than (i) the then fair market value of the Equipment, (ii) replacement value of the Equipment or (iii) Lessor's Unrecovered Investment in the Equipment which ever is greater. For purposes of this Agreement, "Unrecovered Investment" shall mean those values which shall be assigned to an item or items of Equipment upon the disposition, loss, theft or destruction thereof, and shall be that value which, as of the date for its calculation and payment, will result (after provision for the recapture and payment of all applicable taxes) in no loss to the Lessor. Unrecovered Investment shall include, but is not limited to, rent, unearned income, residuals, and any costs, expenses and attorneys fees neurred to collect any amounts due and owing by Lessee hereunder.

11. Warranties, Discisimers and Indomnity

THE EQUIPMENT IS PROVIDED BY LESSOR "AS IS." LESSOR DISCLAIMS ALL EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE EQUIPMENT, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, OR FREEDOM FROM INFRINGEMENT OP ANY INTELLECTUAL PROPERTY RIGHTS OF A THIRD PARTY. LESSEE ACKNOWLEDGES THAT IT IS NOT RELYING ON LESSOR'S SKILL OR JUDGMENT TO SELECT OR FURNISH GOODS SUITABLE FOR ANY PARTICULAR PURPOSE AND THAT THERE ARE NO WARRANTIES WHICH ARE NOT CONTAINED IN THIS LEASE AGREEMENT. LESSOR SHALL NOT BE LIBBLE FOR DAMAGES, INCLUDING SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, ARISING OUT OF OR IN CONNECTION WITH THE PERFORMANCE OF THE EQUIPMENT OR WARTANTIES USE BY LESSEE. Lessee shall be entitled to the benefit of any wartanties provided by the manufacturer of the Equipment or additional wartanties of service as defined on any Lesse Schedule.

Lessee agrees that Lessur shall not be liable to Lossee for, and Lessee shall indemnify and hold Lessor harmless with respect to, any claim from a third party for any liability, claim, loss, damage or expense of any kind or nature caused, directly or indirectly, by: (1) the inadequacy of any Equipment for any purpose; (2) any deficiency or defect in any Equipment, (3) the use or performance of any Equipment; (4) any interruption or loss of service, use or performance of any Equipment; or (5) any loss of business or other special incidental or consequential damages whether or not resulting from any of the foregoing.

12. Event of Default

The occurrences of any of the following events shall constitute an event of default under this Lesse Agreement and/or any Lesse Schedule:

- (a) Lessee fails to perform or observe any condition, covenant, representation or warranty under this Lesse Agroement and fails to cure such default within fifteen (15) days after Lessor has sent Lessee notice of such default;
- (b) A receiver is appointed for Lessee, Lessee makes an assignment for the benefit of crediturs, or a petition in bankruptcy is filed by or against Lessee:
- (c) Lassee becomes insolvent or fails generally to pay its debts as they become due, or any items of Equipment are levied against or soized, or a bulk sale of Lessee's inventory or assets is about to take place:
- (d) Lessee fails to make any payment owed to Lessor hereunder within fifteen (15) days after its due date;
- (e) Any representation or warranty made by Lessee hereunder or in any other document provided to Lessor proves to have been incorrect in any material respect when made; or
- (f) Lessee voluntarily dissolves or is dissolved or its existence is

13. Remedies

Should any default occur and be continuing, Lessor may, in order to protect the interests and reasonably expected profits and bargain of Lessor, and with or without notice or demand upon, Lessee, pursue and enforce successively and/or concurrently, any one or more of the following remedies:

Without retaking the Equipment

- recover from Lessee all accrued and unpaid Charges and other amounts then due and owing under the terms hereof.
- (2) recover from Lessee from time to time all Charges and other amounts as and when becoming due hereunder,
- (3) accelerate and cause to become immediately due and payable all Charges and other amounts due and/or likely to be come due hereunder and recover from Lessee the then worth to Lessor of such amounts.
- (4) cause to become immediately due and payable and recover from Lessee (i) the then applicable Unrecovered Investment in the Equipment, plus (ii) the then worth to Lessor of its anticipated remaining loss of bareain.
- (b) Retake possession of the Equipment without liability to Lessee therefore which is hereby expressly waived, and
 - (1) terminate the term of this Lease Agreement as to the Equipment,
 (2) recover from Lesses all accused and uppeid Charges and other
 - recover from Lessee all accrued and unpaid Charges and other amounts owing under the torms hereof,
 - (3) sell the Equipment at public or private sale, and recover from Lessee the difference, if any, by which the Net Proceeds of sale shall be less than (i) the Lesson's then applied Unrecovered Investment in the Equipment, plus (ii) the then worth to Lessor of its anticipated remaining loss of bargain.
 - (4) re-lease the Equipment to a third party for the account of Lessee and recover from Lessee when becoming the any deficiency between the Charges provided herein and those received from such third party.
 - (5) re-lease the Equipment to a third party for the account of Leasee and recover from Lessee the then worth in Lesson of any deficiency between the Charges provided herein and those receivable from such third party over the re-leased term,
 - (6) recover from Lessee the then worth to Lessor of the excess of the Charges reserved herein for the balance of the whole term (or any remaining term not covered by any re-lease) over the then reasonable rental value of the Equipment; and
- (c) Pursue any other remedy Lessor may otherwise have, at law, in equity or under any statute and recover such other actual damages as may be incurred by Lessor.

"Net Proceeds" shall mean the amount received in cash upon the sale of the Equipment, leas all expenses incurred by or for Leasor in connection with such sale, including reconditioning and removal expenses, repair costs, commissions, reasonable attorney's feet and less all sums accrued and unpaid to Lessor pursuant to this Lease Agreement to the date of such sale. Lessor's pursuit and enforcement of any once or more remodies shall not be deemed an election or waiver by Lessor of any other remody. Lessor shall attempt in good faith to mitigate its damages, but Lessor shall not be obligated to sall or re-lease the Equipment. Any sale or re-lease may be held at such place or places as are selected by Lessor, with or without having the Equipment present. Any such sale or re-lease, may be at wholesale or retail, in bulk or in parcels. For purposes of determining the worth to Lessor of any amounts, said amounts shall be discounted at a rate of five percent (5%) per annum. Time and conditions of the Lease Agreement are hereby declared to be of the terms and conditions of the Lease Agreement are

This Lease Agreement shall not become effective until delivered to

This Lease Agreement is made subject to the terms and conditions

included herein and Lessee's acceptance is effective only to the extent that

such terms and conditions are consistent with the terms and conditions herein.

Any acceptance which contains terms and conditions which are in addition or

inconsistent with the terms and conditions herein will be a counter-offer and

Lease Agreement and each Lease Schedule on their behalf have been duly

authorized to so execute this Agreement, and this Agreement constitutes a

The terms used in this Lease Agreement, unless otherwise getined, shall have the meanings ascribed to them in the Lease Schedule(s).

THE LESSEE AND ANY GUARANTORS OF THE LESSEE'S OBLIGATIONS UNDER THIS LEASE AGREEMENT HEREBY EXPRESSLY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR

OTHERWISE) IN ANY WAY ARISING OUT OF RELATED TO, OR CONNECTED WITH THIS LEASE AGREEMENT AND THE LEASE

SCHEDULES OR THE RELATIONSHIPS ESTABLISHED HEREUNDER.

of law or statutory provision or otherwise unenforceable under the laws or

regulations of any government or subdivision thereof, such terms will be deemed stricken from this Lease Agreement, but such invalidity or unenforceability will not invalidate any of the other terms of this Lease

Agreement and this Lease Agreement will continue in force, unless the invalid

or unenforceable provisions comprise an integral part of, or are otherwise

to pay all Charges and other amounts payable hereunder shall be absolute and

unconditional and, except as expressly provided herein, shall not be subject to

any abatement, reduction, defense, counterclaim, set-off, or recomment.

including any present or future claim against Lessor or the manufacturer of the

Equipment. Except as expressly provided heroin, this Lease Agreement shall

not terminate for any reason, including any defect in the Equipment or

Lessor's title thereto or any destruction or loss of use of any item of Equipment. LESSEE ACKNOWLEDGES THAT IT HAS RECEIVED A

COPY OF LESSOR'S CONTRACT, IF ANY, FOR PURCHASE OF ALL

EQUIPMENT EXISTING ON THE DATE OF THIS LEASE AGREEMENT

AND THAT IT HAS THE RIGHT TO RECEIVE A COPY OF THE CONTRACT OF PURCHASE FOR ALL FUTURE EQUIPMENT UNDER

IN WITNESS WHEREOF, the parties hereto have caused thus Lease

Agreement to be signed by their respective duly authorized representative.

This Lesse Agreement is a net Lesse Agreement and Lessec's obligation

inscramble from the remainder of this Lease Agreement.

17. Net Leuse Agreement

THIS LEASE AGREEMENT.

If any of the terms of this Lease Agreement are in conflict with any rule

The parties hereto coverant and warrant that the persons executing this

The terms used in this Lease Agreement, unless otherwise defined, shall

Lessor at its offices at Edina, Minnesota and there executed by Lesa

will not be binding unless agreed to in writing by Lessor.

valid and binding obligation of the parties hereto.

without modifying the terms of this Lease Agreement and without waiving any further rights of Lessor hereunder. Except as expressly provided herein, neither Lessec nor Lessor shall be liable to the other for any consequential or incidental damages.

Costs and Attorneys' Fees

In addition to all other sums which Lessee may be called upon to pay under the provisions of this Lease Agreement, Leasee will pay to Lessor its reasumable costs of collection or other out-of-pocket costs and expenses and attorney's fees on account of this Lease Agreement.

Assignments

This Lease Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Lesse however, shall not assign this Lease Agreement or sublet any of the Equipment without first obtaining the prior written consent of Lessor. Lessoe acknowledges that the terms and conditions of this Lease Agreement have been fixed in anticipation of the possible assignment of Lessor's rights under this I sase Agreement and in and to the Equipment as collateral accurity to a third party ("Assignee") which will rely upon and be entitled to the benefit of this Lease Agreement. Lessee agrees with Lessor and such Assignee to recognize in writing any such assignment within fifteen (15) days after receipt of written notice thereof and to pay thereafter all sums due to Lesson hereunder directly to such Assignee as directed by it, notwithstanding any defense, set-off or counterclaim whatsoever (whether arising from a breach of this Leuse Agreement or not) that Lessee may from time to time have against Lessor. Upon such assignment, the Lessor shall remain obligated to perform any obligations it may have under the Lease Agreement and the Assignee shall (unless otherwise expressly agreed to in writing by the Assignee) have no obligation to perform such obligations. Any such assignment shall be subject to Lessec's rights in the use and possession of the Equipment so long as Lessee is not in default hereunder.

16. Miscellaneous

This Lesse Agreement, the Lease Schedule(s), attached riders, and any documents or instruments issued or executed pursuant hereto shall be governed by the laws of the State of Minnesota and constitute the entire Lease Agreement between Lessor and Lessee with respect to the Equipment superseding all prior correspondence between the parties. No provision of this Lease Agreement shall be deemed waived, amended or modified by either party unless such waiver, amendment or modification is in writing and signed by each of the parties hereto.

Upon request, Lessee agrees to provide Lessor, and any assignee or potential assignee of Lessor, Lessoe's most recent annual financial statement (audited, if available) and its most current interim financial statements along with any additional information Lessor may require on any guarantors if

The parties hereto submit to the jurisdiction of the courts of the State of Minnesota and Lessee hereby waives local venue with respect to claims arising out of this Lease Agreement.

Any notice provided for herein shall be in writing and sent by certified or registered mail to the parties at the addresses stated on page 1 of the Lease Agreement.

screpted by:	Accepted by:
FIRST PREMIER CAPITAL LLC	ALLIED HEALTH CARE SERVICES, INC.
By: (Signature)	By: Marles X. Signature)
Name: Stephen V. Alpeter (please type or print)	Name: CHARUS SchuAre 72
Title: Partner	THE: PRUS
Date: 3/5/07	Date: -2/27/07
Lease Agreement No: ALL022207	

EXHIBIT B

LEASE SCHEDULE NO. 014

This Lease Schedule is issued pursuant to the Lease Agreement No. ALL022207 and dated as of February 22, 2007 by and between the undersigned.

> LESSOR First Premier Capital LLC 5201 Rden Ave., Suite 180 Edina, MN 55436

LESSEE Allied Health Care Services, Inc. 89 Main St. Orange, NJ 07051

All terms and conditions of the above described Lease Agreement are incorporated herein and made part hereof as if such terms and conditions were set forth in this Lease Schedule. The Lessee and Lessor reaffirm all of the terms and conditions of the Lease A greement except as modified hereby.

Equipment Location: Same as above.

Term of Lease from Commencement Date: 60 months

Commencement Date: 03/01/2008

Monthly Lease Charge:

\$6,000.00

Security Deposit: Lessee shall deliver upon execution of this Lease Schedule by Lessee, a Security Deposit in the amount of \$6,000.00,

Equipment Description:

Manufacturer LifeCare

Qty

Machine/Model PLV 102

Equipment Description Ventilators as Described in

Exhibit A

Lessor reserves the right to discontinue funding on Lease Schedule No. 014 at any time based on any material adverse change in the Lessee's financial condition, a change in the Equipment Configuration or any delay in the delivery and acceptance of the Equipment, The Monthly Lease Charge will be prorated on an interim basis until Lease Commencement. Provided that no Default shall have occurred and be continuing. Lessee shall be entitled, at its option, upon written notice to Lessor at least 120 days prior to the end of the Initial Term, to purchase all but not less than all of the above described Equipment, on an AS-IS WHERE-IS basis, at a purchase price equal to one dollar (\$1.00).

Accepted By:	Accepted By:			
	FIRST PREMIER CAPITAL LLC "LESSOR"	a	IED HEALTH CARE SERVICES, INC. "LESSEE"	
Ву:	- JAD/F	Ву:	Un X Schwart	
Name:	signature Stephen V. Alpeter	Name:	Signature Charles K. Schwartz	
Title:	please print or type Partner	Title:	please print or type President	
Date:	3/1/08	Date:	2/29/08	-

Exhibit A

to

Lease Agreement No. ALL022207 Lease Schedule No. 014 Equipment Description

Mfg	Oty	Mach/Mod	Equipment Description	Serial Number
LifeCore	50	PLV 102	Ventilatory	140540
			111 11111111111111111111111111111111111	140541
				140542
				140543
				140544
				140545
				140546
				140547
				140548
				140549
				140550
				140551
				140552
				140553
				140554
				140555
				140556
				140557
				140558
				140560
				140561
				140562
				140563
				140566
				140567
				140568
				140569
				140570
				140571
				140572
				140573
				140574
				140575
				140576
				140577
				140578
				140579
				140580
				140581
				140582 140583
				140585
				140586
				140587
				140588
				140589
				140590
				140591
				140592
				140593

LEASE SCHEDULE NO. 015

This Lease Schedule is issued pursuant to the Lease Agreement No. ALL022207 and dated as of February 22, 2007 by and between the undersigned.

LESSOR First Premier Capital U.C. 5201 Eden Ave., Suite 180 Edina, MN 55436

LESSEE
Allied Health Care Services, Inc.
89 Main St.
Orange, NJ 07051

All terms and conditions of the above described Lease Agreement are incorporated berein and made part hereof as if such terms and conditions were set forth in this Lease Schedule. The Lessee and Lessor reaffirm all of the terms and conditions of the Lease Agreement except as modified hereby.

Fauinm	ent I oc	ation: Sa	me se	shows
Luumin		4UUU. 34	mic as	AUUVU.

Term of Lease from Commencement Date: 60 months

Commencement Date: 04/01/2008

Monthly Lease Charge:

\$6,000.00

Security Deposit: Lessee shall deliver upon execution of this Lease Schedule by Lessee, a Security Deposit in the amount of \$6,000.00.

Equipment Description:

Manufacturer LifeCare

Qtx

Machine/Model PLV 102 Equipment Description Ventilators as Described in

Attached Exhibit A

Lessor reserves the right to discontinue funding on Lease Schedule No. 015 at any time based on any material adverse change in the Lessee's financial condition, a change in the Equipment Configuration or any delay in the delivery and acceptance of the Equipment. The Monthly Lease Charge will be prorated on an interim basis until Lease Commencement. Provided that no Default shall have occurred and be continuing, Lessee shall be entitled, at its option, upon written notice to Lessor at least 120 days prior to the end of the Initial Term, to purchase all but not less than all of the above described Equipment, on an AS-IS WHERE-IS basis, at a purchase price equal to one dollar (\$1.00).

	Accepted Hy:		
ST PREMIER CAPITAL LLC "LESSOR"	ALLII		
- Valt	Ву:	Ves K. Delunis	
Stephen V. Alpeter	Name:	Charles K. Schwarz	
please print or type Partner	Title:	please print or type President	
Alilow	Date:	3/27/08	
	signsture Stephen V. Alpeter please print or type Partner	Stephen V. Alpeter Name: please print or type Partner Title:	Stephen V. Alpeter Stephen V. Alpeter Partner Title: Allied Healtil Care Services, Inc. "LESSEE" By: Allied Healtil Care Services, Inc. "LESSEE" By: Allied Healtil Care Services, Inc. "LESSEE" By: Allied Healtil Care Services, Inc. "LESSEE" Name: Charles K. Schwartz please print or type Partner Title: President

Exhibit A

to

Lease Agreement No. ALL022207 Lease Schedule No. 015 Equipment Description

Mig	Oty	Mach/Mod	Equipment Description	Onnint Alman
LifeCare	50	PLV 102	Ventilators	Serial Numbe
BROCER	50	107 102	Venniana	141284
				141285
				141286
				141288
				141289
				141290
				141291
				141291
				141292
				141294
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				141322
				141323
				141324
				141325 141326
				141327
				141328 141329
				141329
				141333
				141335 141336
				141337
				141338 141339
				141340
				141341

LEASE SCHEDULE NO. 026

This Lease Schedule is issued pursuant to the Lease Agreement No. ALL022207 and dated as of February 22, 2007 by and between the undersigned.

LESSOR First Premier Capital LLC 5201 Eden Ave., Suite 180 Edina, MN 55436

LESSEE
Allied Health Care Services, Inc.
89 Main St.
Orange, NJ 07051

All terms and conditions of the above described Lease Agreement are incorporated herein and made part hereof as if such terms and conditions were set forth in this Lease Schedule. The Lessee and Lessor reaffirm all of the terms and conditions of the Lease Agreement except as modified hereby.

Equipment Location: Same as above.

Term of Lease from Commencement Date: 60 months

Commencement Date: 03/01/2009

Monthly Lease Charge:

\$6,139.00

Security Deposit: Lessee shall deliver upon execution of this Lease Schedule by Lessee, a Security Deposit in the amount of \$6,139.00.

Equipment Description:

Manufacturer

Qty

Machine/Model

Equipment Description See Attached Exhibit A

Lessor reserves the right to discontinue funding on Lease Schedule No. 026 at any time based on any material adverse change in the Lessee's financial condition, a change in the Equipment Configuration or any delay in the delivery and acceptance of the Equipment. The Monthly Lease Charge will be prorated on an interim basis until Lease Commencement. Provided that no Default shall have occurred and be continuing, Lessee shall be entitled, at its option, upon written notice to Lessor at least 120 days prior to the end of the Initial Term, to purchase all but not less than all of the above described Equipment, on an AS-IS WHERE-IS basis, at a purchase price equal to one dollar (\$1.00).

Accepted By:	Accepted By:				
	FIRST PREMIER CAPITAL LLC "LESSOR"	ALLIED F	HEALTH CARE SERVICES, INC. "LESSEE"		
Ву:	TIDIE	Ву:/Дл.//	a & Stuart		
Name:	signature Stephen V. Alpeter	Name:	signature Charles K. Schwartz		
Title:	please print or type Partner	Title:	please print or type President		
Date:	2/27/09	Date:	26/09		

Exhibit A

to

Lease Agreement No. ALL022207 Lease Schedule No. 026 Equipment Description

<u>Mfg</u> LifeCare	<u>Qty</u> 50	Mach/Mod PLV 102	Equipment Description Ventilators	Serial Number 154862
				154863
				154864
				154865
				154866
				154867
				154868
				154869
				154870
				154872
				154874
				154875
				154876
				154877
				154878
				154879
				154880
				154881
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				154903
				154904
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				154906
				154909
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				154911
				154912
				154913
				154914
				154915
				154913

EXHIBIT C

#14 21221 AH 8835 3/17/08

COLLATERAL ASSIGNMENT OF LEASE PAYMENTS AND EQUIPMENT (Without Recourse)

BETWEEN: First Premier Capital LLC

5201 Eden Ave. Suite 180

Edina, MN 55436

("Assignor")

AND:

1

The National Bank 7101 Washington Ave. S. Edina, MN 55439

("Assignee")

RECITALS:

- A. Assignor is the Lessor under a lease executed by and between Assignor and Allied Health Care Services, Inc. as Lessee, under a Lease Agreement No. ALL022207 dated February 22, 2007 and Lease Schedule No. 014 dated March 1, 2008 (the "Lease").
- B. Assignor collaterally assigns to Assignee all payments due or to become due under the Lease on the terms and conditions set forth in this Assignment.

NOW, THEREFORE, in consideration of the mutual agreements and covenants contained herein, the parties agree as follows:

1. Collateral Assignment of Lease Payments.

Assignor hereby collaterally assigns to Assignee, its successors, and assigns, without recourse as to the obligation or financial ability of the Lessec to pay, the rental payments due or to become due under the Lease as outlined on the attached amortization schedule. Upon payment to Assignee at any time of the "remaining balance" shown on the attached amortization schedule at the time of payment, all rights assigned hereunder shall revert to Assignor and this assignment shall be null and void and of no further force and effect. Assignor has and will continue to fulfill all obligations and responsibilities of the Lessor under the Lease. By its acceptance of this Assignment, Assignee does not accept or assume any of the obligations of Assignor, as the Lessor under the Lease.

Assignment WITHOUT RECOURSE Page 1 of 4

ALL022207\014 Duc# 1698671\2

Assignment of Equipment.

Assignor hereby collaterally assigns to Assignee an undivided One Hundred Percent (100%) interest in all of Assignor's rights, title and interest in and to the personal property subject to the Lease as outlined in the Lease Schedule or Exhibit "A" (the "Equipment"); provided, however, Assignor does not assign its right to receive any sale proceeds if Lessec exercises its right to buy the Equipment at the end of the Lease term.

Assignment Price.

Assignee shall pay the sum of Two Hundred Fifty Thousand and 00/100 dollars (\$250,000.00) for the transfer and collateral assignment of all lease payments as outlined on the attached amortization schedule.

4. Representations, Warranties and Covenants of Assignor.

Assignor represents, warrants, and covenants to Assignee as follows:

4.1 Ownership of Equipment.

Assignor is the owner of the Equipment described in the Lease, free and clear of any and all liens, security interests, assessments, and encumbrances, except those created under the Lease.

4.2 Validity and Enforceability.

The Lease, an original of which will be delivered to Assignee contemporaneously with the execution of this Assignment and any accompanying guaranties, waivers, or other documents are the only documents or agreements executed between Assignor and the Lessee relating to the Equipment described in the Lease. The Lease and any accompanying guaranties, waivers, or other documents executed by or between Assignor, as Lessor, and the Lessee are genuine and enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditor's rights generally and except that the availability of equitable remedies, including specific performance, is subject to the discretion of the court before which any proceeding therefor may be brought, and are to Assignor's best knowledge free from any defenses, set-off, and counterclaims of Lessee. The Lease and any accompanying guaranties, waivers, or other documents have been duly authorized, executed, and delivered by Assignor and the Lessee.

4.3 Acceptance of Equipment.

The Equipment under the Lease has been delivered to the Lessee in satisfactory condition and has been accepted by the Lessee on the date indicated on the Certificate of Acceptance(s). A true copy of the Certificate of Acceptance(s) executed by the Lessee for the Equipment under the Lease being assigned to Assignee shall be delivered to Assignee

contemporaneously with this Agreement. Assignor will comply with its warranties and other obligations with respect to the Equipment under the Lease.

4.4 Filing of Financing Statements.

Assignor has filed UCC-1 Financing Statements with the proper filing officers in the jurisdictions where the Lessee is located. Assignor shall assign to Assignee the UCC-1 Financing Statement that refers to the leased Equipment.

4.5 Amounts Duc Under the Lease.

The aggregate unpaid lease payments due and to become due under the Lease as shown on the attached amortization schedule is true and correct as of the date of this Assignment. No lease payments or other monies due under the Lease have been prepaid and no deposit has been paid by the Lessee except as stated in the Lease or as approved in writing by the Assignee.

4.6 Execution of this Assignment.

This Assignment has been duly authorized, executed, and delivered by Assignor to Assignee and is a legal, valid, and binding agreement by Assignor and does not constitute a breach or violation of the Lease and any related documents.

5. Remedies Upon Breach or Default by Assignor.

If any warranty, covenant, or representation made by Assignor under this Assignment is breached or shall prove to have been incorrect or false in any material respect at the time the representation, warranty, or covenant was made or given, Assignor will, within ten (10) days after receipt of written notice from Assignee which conclusively proves the foregoing, pay to Assignee the remaining unpaid rentals and other monies due and which will become due under the Lease, including accrued interest, expenses of collection, repossession transportation, and storage incurred by Assignee, less any refund by Assignee of unearned charges.

6. Invoicing, Servicing, and Collection by Assignee.

After execution and acceptance of this Assignment, in the event Assignor is in default of its material obligations to Assignee, Assignee is authorized, for as long as such default is continuing, to notify the Lessec under the Lease to make payments directly to Assignee and payable to the order of Assignee. If payments are made payable to the order of Assignor, Assignee is hereby appointed as Assignor's attorney in fact to endorse any checks, orders, or other payment instruments made under the Lease. Assignee is also authorized to bill or invoice Lessee for all amounts due and to become due under the Lease, as outlined on the attached amortization schedule, and to compromise, adjust, and grant extension of time for payment by Lessee or any other persons obligated on the Lease or guaranty, without notice to Assignor and without affecting Assignor's obligation hereunder. If Lessee fails to make any payment to Assignee when due, Assignee may, in addition to any other rights it may have, take any collection action it deems appropriate against the Lessee at its sole expense.

Assignment WITHOUT RECOURSE Page 3 of 4

7.	Nonwa	iver
1.	TACHAM	IVOI

Failure or delay of Assignce in exercising any rights granted to it in this Agreement shall not constitute waiver of such right.

8. Further Acts.

Each of the parties to this Assignment shall execute and deliver to the other any further instruments and documents and shall take such further action as may reasonably be requested in order to carry out the intent and purpose of this Assignment, and to establish and protect the rights, interest, and remedies created or intended to be created in this Assignment.

9. Jurisdiction.

This Assignment shall be governed by and construed in accordance with the laws of the State of Minnesota.

10. Severability.

_____, 20____.

Its: UP 10 sprapur

Any provisions of this Assignment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective and unenforceable to the extent of such prohibition or unenforceability without invalidating the remaining portion of this Assignment.

IN WITNESS WHEREOF, the parties have executed this instrument this day of

Market Parcilet

ASSIGNOR:	ASSIGNEE:
First Premier Capital LLC	The National Bank
Bx: Jumuda Maria	By: Della M

Assignment WITHOUT RECOURSE Page 4 of 4

LEASE SCHEDULE NO. 014

This Lease Schedule is issued pursuant to the Lease Agreement No. ALL022207 and dated as of February 22, 2007 by and between the undersigned.

LESSOR First Premier Capital LLC 5201 Eden Ave., Suite 180 Edina, MN 55436 LESSEE
Allied Health Care Services, Inc.
89 Main St.
Orange, NJ 07051

All terms and conditions of the above described Lease Agreement are incorporated herein and made part hereof as if such terms and conditions were set forth in this Lease Schedule. The Lessec and Lessor reaffirm all of the terms and conditions of the Lease Agreement except as modified hereby.

Equipment Location: Same as above.

Term of Lease from Commencement Date: 60 months

Commencement Date: 03/01/2008

Monthly Lease Charge:

\$6,000.00

Security Deposit: Lessee shall deliver upon execution of this Lease Schedule by Lessee, a Security Deposit in the amount of \$6,000.00.

Equipment Description:

Manufacturer LifeCare Qty

Machine/Model PLV 102 Equipment Description Ventilators as Described in

Exhibit A

Lessor reserves the right to discontinue funding on Lease Schedule No. 014 at any time based on any material adverse change in the Lessee's financial condition, a change in the Equipment Configuration or any delay in the delivery and acceptance of the Equipment. The Monthly Lease Charge will be prorated on an interim basis until Lease Commencement. Provided that no Default shall have occurred and be continuing, Lessee shall be entitled, at its option, upon written notice to Lessor at least 120 days prior to the end of the Initial Term, to purchase all but not less than all of the above described Equipment, on an AS-IS WHERE-IS basis, at a purchase price equal to one dollar (\$1.00).

Accepted By:		Accepted By:		
Ву: <	FIRST PREMIER CAPITAL LLC "LESSOR"	Allii By:_ <i></i>	ED HEALTH CARE SERVICES, INC. "LESSEE"	
Name:	signature Stephen V. Alpeter	Name:	signature Charles K. Schwartz	
Title:	picase print or type Partner	Title:	please print or type President	
Date:	3/1/08	Date:	2/29/08	

Exhibit A

to

Lease Agreement No. ALL022207 Lease Schedule No. 014 Equipment Description

Mfg	Oty	Mach/Mod	Equipment Description	Serial Number
LifeCare	50	PLV 102	Ventilators	140540
				140541
				140542
				140543
				140544
				140545
				140546
				140547
				140548
				140549
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				140592
				140593

EXHIBIT D

COLLATERAL ASSIGNMENT OF LEASE PAYMENTS AND EQUIPMENT (Without Recourse)

BETWEEN: First Premier Capital LLC

5201 Eden Ave. Suite 180 Edina, MN 55436

("Assignor")

AND:

The National Bank 7101 Washington Ave. S. Edina, MN 55439

("Assignee")

RECITALS:

- A. Assignor is the Lessor under a lease executed by and between Assignor and Allied Health Care Services, Inc. as Lessoc, under a Lease Agreement No. ALL022207 dated February 22, 2007 and Lease Schedule No. 015 dated April 1, 2008 (the "Lease").
- B. Assignor collaterally assigns to Assignee all payments due or to become due under the Lease on the terms and conditions set forth in this Assignment.

NOW, THEREFORE, in consideration of the mutual agreements and covenants contained herein, the parties agree as follows:

1. Collateral Assignment of Lease Payments.

Assignor hereby collaterally assigns to Assignee, its successors, and assigns, without recourse as to the obligation or financial ability of the Lessee to pay, the rental payments due or to become due under the Lease as outlined on the attached amortization schedule. Upon payment to Assignee at any time of the "remaining balance" shown on the attached amortization schedule at the time of payment, all rights assigned hereunder shall revert to Assignor and this assignment shall be null and void and of no further force and effect. Assignor has and will continue to fulfill all obligations and responsibilities of the Lessor under the Lease. By its acceptance of this Assignment, Assignee does not accept or assume any of the obligations of Assignor, as the Lessor under the Lease.

2. Assignment of Equipment.

Assignor hereby collaterally assigns to Assignee an undivided One Hundred Percent (100%) interest in all of Assignor's rights, title and interest in and to the personal property subject to the Lease as outlined in the Lease Schedule or Exhibit "A" (the "Equipment"); provided, however, Assignor does not assign its right to receive any sale proceeds if Lessee exercises its right to buy the Equipment at the end of the Lease term.

3. Assignment Price.

Assignee shall pay the sum of Two Hundred Fifty Thousand and 00/100 dollars (\$250,000.00) for the transfer and collateral assignment of all lease payments as outlined on the attached amortization schedule.

4. Representations, Warranties and Covenants of Assignor.

Assignor represents, warrants, and covenants to Assignee as follows:

4.1 Ownership of Equipment.

Assignor is the owner of the Equipment described in the Lease, free and clear of any and all liens, security interests, assessments, and encumbrances, except those created under the Lease.

4.2 Validity and Enforceability.

The Lease, an original of which will be delivered to Assignee contemporaneously with the execution of this Assignment and any accompanying guarantics, waivers, or other documents are the only documents or agreements executed between Assignor and the Lessee relating to the Equipment described in the Lease. The Lease and any accompanying guaranties, waivers, or other documents executed by or between Assignor, as Lessor, and the Lessee are genuine and enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditor's rights generally and except that the availability of equitable remedics, including specific performance, is subject to the discretion of the court before which any proceeding therefor may be brought, and are to Assignor's best knowledge free from any defenses, set-off, and counterclaims of Lessee. The Lease and any accompanying guaranties, waivers, or other documents have been duly authorized, executed, and delivered by Assignor and the Lessee.

4.3 Acceptance of Equipment.

The Equipment under the Lease has been delivered to the Lessee in satisfactory condition and has been accepted by the Lessee on the date indicated on the Certificate of Acceptance(s). A true copy of the Certificate of Acceptance(s) executed by the Lessee for the Equipment under the Lease being assigned to Assignee shall be delivered to Assignee

contemporaneously with this Agreement. Assignor will comply with its warranties and other obligations with respect to the Equipment under the Lease.

4.4 Filing of Financing Statements.

Assignor has filed UCC-1 Financing Statements with the proper filing officers in the jurisdictions where the Lessee is located. Assignor shall assign to Assignee the UCC-1 Financing Statement that refers to the leased Equipment.

4.5 Amounts Due Under the Lease.

The aggregate unpaid lease payments due and to become due under the Lease as shown on the attached amortization schedule is true and correct as of the date of this Assignment. No lease payments or other monies due under the Lease have been prepaid and no deposit has been paid by the Lessee except as stated in the Lease or as approved in writing by the Assignee.

4.6 Execution of this Assignment.

This Assignment has been duly authorized, executed, and delivered by Assignor to Assignee and is a legal, valid, and binding agreement by Assignor and does not constitute a breach or violation of the Lease and any related documents.

5. Remedies Upon Breach or Default by Assignor.

If any warranty, covenant, or representation made by Assignor under this Assignment is breached or shall prove to have been incorrect or false in any material respect at the time the representation, warranty, or covenant was made or given, Assignor will, within ten (10) days after receipt of written notice from Assignee which conclusively proves the foregoing, pay to Assignee the remaining unpaid rentals and other monies due and which will become due under the Lease, including accrued interest, expenses of collection, repossession transportation, and storage incurred by Assignee, less any refund by Assignee of unearned charges.

6. Invoicing, Servicing, and Collection by Assignee.

After execution and acceptance of this Assignment, in the event Assignor is in default of its material obligations to Assignee, Assignee is authorized, for as long as such default is continuing, to notify the Lessee under the Lease to make payments directly to Assignee and payable to the order of Assignee. If payments are made payable to the order of Assignor, Assignee is hereby appointed as Assignor's attorney in fact to endorse any checks, orders, or other payment instruments made under the Lease. Assignee is also authorized to bill or invoice Lessee for all amounts due and to become due under the Lease, as outlined on the attached amortization schedule, and to compromise, adjust, and grant extension of time for payment by Lessee or any other persons obligated on the Lease or guaranty, without notice to Assignor and without affecting Assignor's obligation hereunder. If Lessee fails to make any payment to Assignee when due, Assignee may, in addition to any other rights it may have, take any collection action it deems appropriate against the Lessee at its sole expense.

Assignment WITHOUT RECOURSE Page 3 of 4

Failure or delay of Assignee in exercising any rights granted to it in this Agreement shall not constitute waiver of such right.

8. Further Acts.

Each of the parties to this Assignment shall execute and deliver to the other any further instruments and documents and shall take such further action as may reasonably be requested in order to carry out the intent and purpose of this Assignment, and to establish and protect the rights, interest, and remedies created or intended to be created in this Assignment.

9. Jurisdiction.

This Assignment shall be governed by and construed in accordance with the laws of the State of Minnesota.

10. Severability.

Any provisions of this Assignment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective and unenforceable to the extent of such prohibition or unenforceability without invalidating the remaining portion of this Assignment.

IN	WITNESS	WHEREOF,	the	parties	havc	executed	this	instrument	this	day	of
				-						 v	

ASSIGNOR:

ASSIGNEE:

First Premier Capital LLC

The National Bank

Its:

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Assignment WITHOUT RECOURSE Page 4 of 4

LEASE SCHEDULE NO. 015

This Lease Schedule is issued pursuant to the Lease Agreement No. ALL022207 and dated as of February 22, 2007 by and between the undersigned.

LESSOR First Premier Capital LLC 5201 Eden Ave., Suite 180 Edina, MN 55436 Allied Health Care Services, Inc. 89 Main St. Orange, NJ 07051

All terms and conditions of the above described Lease Agreement are incorporated herein and made part hereof as if such terms and conditions were set forth in this Lease Schedule. The Lessee and Lessor reaffirm all of the terms and conditions of the Lease Agreement except as modified hereby.

-	
Equipment Location: Same as above.	
Equipment Eucation. Same as above.	

Commencement Date: 04/01/2008

Monthly Lease Charge: \$6,000.00

Term of Lease from Commencement Date: 60 months

Security Deposit: Lessee shall deliver upon execution of this Lease Schedule by Lessee, a Security Deposit in the amount of \$6,000.00.

Equipment Description:

Manufacturer LifeCare

Ωtx

Machine/Model PLV 102 Equipment Description Ventilators as Described in

Attached Exhibit A

Lessor reserves the right to discontinue funding on Lease Schedule No. 015 at any time based on any material adverse change in the Lessee's financial condition, a change in the Equipment Configuration or any delay in the delivery and acceptance of the Equipment. The Monthly Lease Charge will be prorated on an interim basis until Lesse Commencement. Provided that no Default shall have occurred and be continuing, Lessee shall be entitled, at its option, upon written notice to Lessor at least 120 days prior to the end of the Initial Term, to purchase all but not less than all of the above described Equipment, on an AS-IS WHERE-IS basis, at a purchase price equal to one dollar (\$1.00).

Accepted B	зу:	Accepted Hy:			
	First Premier Capital LLC "LESSOR"	ALI	LIED HEALTH CARE SERVICES, INC. "LESSEE"		
By:_	Z VOIE	Ву:	Males K. Schunet		
Name:	signature Stephen V. Alpeter	Name:	Charles K. Schwarz		
Title:	please print or type Partner	Title:	ploase print or type President		
Date:_	Alilos	Date:	3/11/08		

Exhibit A

to

Lease Agreement No. ALL022207 Lease Schedule No. 015 Equipment Description

			<u>-</u>	
Mie	Qty	Mach/Mod	Equipment Description	Serial Number
LifeCare	50	PLV 102	Ventilators	141283
				141284
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				141341

EXHIBIT E

A26

AH 4862

COLLATERAL ASSIGNMENT OF LEASE PAYMENTS AND EQUIPMENT (Without Recourse)

BETWEEN: First Premier Capital LLC

5201 Eden Ave. Suite 180 Edina, MN 55436

("Assignor")

AND:

The National Bank

2600 Eagan Woods Drive, Suite 120

Eagan, MN 55121

("Assignee")

RECITALS:

A. Assignor is the Lessor under a lease executed by and between Assignor and Allied Health Care Services, Inc. as Lessee, under a Lease Agreement No. ALL022207 dated February 22, 2007 and Lease Schedule No. 026 dated February 27, 2009 (the "Lease").

B. Assignor collaterally assigns to Assignee all payments due or to become due under the Lease on the terms and conditions set forth in this Assignment.

NOW, THEREFORE, in consideration of the mutual agreements and covenants contained herein, the parties agree as follows:

1. Collateral Assignment of Lease Payments.

Assignor hereby collaterally assigns to Assignee, its successors, and assigns, without recourse as to the obligation or financial ability of the Lessee to pay, the rental payments due or to become due under the Lease as outlined on the attached amortization schedule. Upon payment to Assignee at any time of the "remaining balance" shown on the attached amortization schedule at the time of payment, all rights assigned hereunder shall revert to Assignor and this assignment shall be null and void and of no further force and effect. Assignor has and will continue to fulfill all obligations and responsibilities of the Lessor under the Lease. By its acceptance of this Assignment, Assignee does not accept or assume any of the obligations of Assignor, as the Lessor under the Lease.

Assignment WITHOUT RECOURSE Page 1 of 4

ALL022207 \ 026 Doc# 1698671\2

2. Assignment of Equipment.

Assignor hereby collaterally assigns to Assignee an undivided One Hundred Percent (100%) interest in all of Assignor's rights, title and interest in and to the personal property subject to the Lease as outlined in the Lease Schedule or Exhibit "A" (the "Equipment"); provided, however, Assignor does not assign its right to receive any sale proceeds if Lessee exercises its right to buy the Equipment at the end of the Lease term.

3. Assignment Price.

Assignee shall pay the sum of Two Hundred Fifty Thousand and 00/100 dollars (\$250,000.00) for the transfer and collateral assignment of all lease payments as outlined on the attached amortization schedule.

4. Representations, Warranties and Covenants of Assignor.

Assignor represents, warrants, and covenants to Assignee as follows:

4.1 Ownership of Equipment.

Assignor is the owner of the Equipment described in the Lease, free and clear of any and all liens, security interests, assessments, and encumbrances, except those created under the Lease.

4.2 <u>Validity and Enforceability.</u>

The Lease, an original of which will be delivered to Assignee contemporaneously with the execution of this Assignment and any accompanying guaranties, waivers, or other documents are the only documents or agreements executed between Assignor and the Lessee relating to the Equipment described in the Lease. The Lease and any accompanying guaranties, waivers, or other documents executed by or between Assignor, as Lessor, and the Lessee are genuine and enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditor's rights generally and except that the availability of equitable remedies, including specific performance, is subject to the discretion of the court before which any proceeding therefor may be brought, and are to Assignor's best knowledge free from any defenses, set-off, and counterclaims of Lessee. The Lease and any accompanying guaranties, waivers, or other documents have been duly authorized, executed, and delivered by Assignor and the Lessee.

4.3 Acceptance of Equipment.

The Equipment under the Lease has been delivered to the Lessee in satisfactory condition and has been accepted by the Lessee on the date indicated on the Certificate of Acceptance(s). A true copy of the Certificate of Acceptance(s) executed by the Lessee for the Equipment under the Lease being assigned to Assignee shall be delivered to Assignee

contemporaneously with this Agreement. Assignor will comply with its warranties and other obligations with respect to the Equipment under the Lease.

4.4 Filing of Financing Statements.

Assignor has filed UCC-1 Financing Statements with the proper filing officers in the jurisdictions where the Lessee is located. Assignor shall assign to Assignee the UCC-1 Financing Statement that refers to the leased Equipment.

4.5 Amounts Due Under the Lease.

The aggregate unpaid lease payments due and to become due under the Lease as shown on the attached amortization schedule is true and correct as of the date of this Assignment. No lease payments or other monies due under the Lease have been prepaid and no deposit has been paid by the Lessee except as stated in the Lease or as approved in writing by the Assignee.

4.6 Execution of this Assignment.

This Assignment has been duly authorized, executed, and delivered by Assignor to Assignee and is a legal, valid, and binding agreement by Assignor and does not constitute a breach or violation of the Lease and any related documents.

5. Remedies Upon Breach or Default by Assignor.

If any warranty, covenant, or representation made by Assignor under this Assignment is breached or shall prove to have been incorrect or false in any material respect at the time the representation, warranty, or covenant was made or given, Assignor will, within ten (10) days after receipt of written notice from Assignee which conclusively proves the foregoing, pay to Assignee the remaining unpaid rentals and other monies due and which will become due under the Lease, including accrued interest, expenses of collection, repossession transportation, and storage incurred by Assignee, less any refund by Assignee of unearned charges.

6. <u>Invoicing, Servicing, and Collection by Assignee.</u>

After execution and acceptance of this Assignment, in the event Assignor is in default of its material obligations to Assignee, Assignee is authorized, for as long as such default is continuing, to notify the Lessee under the Lease to make payments directly to Assignee and payable to the order of Assignee. If payments are made payable to the order of Assignor, Assignee is hereby appointed as Assignor's attorney in fact to endorse any checks, orders, or other payment instruments made under the Lease. Assignee is also authorized to bill or invoice Lessee for all amounts due and to become due under the Lease, as outlined on the attached amortization schedule, and to compromise, adjust, and grant extension of time for payment by Lessee or any other persons obligated on the Lease or guaranty, without notice to Assignor and without affecting Assignor's obligation hereunder. If Lessee fails to make any payment to Assignee when due, Assignee may, in addition to any other rights it may have, take any collection action it deems appropriate against the Lessee at its sole expense.

Assignment WITHOUT RECOURSE Page 3 of 4

7. Nonwaiver.

Failure or delay of Assignee in exercising any rights granted to it in this Agreement shall not constitute waiver of such right.

8. Further Acts.

Each of the parties to this Assignment shall execute and deliver to the other any further instruments and documents and shall take such further action as may reasonably be requested in order to carry out the intent and purpose of this Assignment, and to establish and protect the rights, interest, and remedies created or intended to be created in this Assignment.

9. Jurisdiction.

This Assignment shall be governed by and construed in accordance with the laws of the State of Minnesota.

10. Severability.

Any provisions of this Assignment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective and unenforceable to the extent of such prohibition or unenforceability without invalidating the remaining portion of this Assignment.

ASS	IGN	OR:	

ASSIGNEE:

First Premier Capital LLC

The National Bank

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Assignment WITHOUT RECOURSE Page 4 of 4

LEASE SCHEDULE NO. 026

This Lease Schedule is issued pursuant to the Lease Agreement No. ALL022207 and dated as of February 22, 2007 by and between the undersigned.

LESSOR First Premier Capital LLC 5201 Eden Ave., Suite 180 Edina, MN 55436

LESSEE Allied Health Care Services, Inc. 89 Main St. Orange, NJ 07051

All terms and conditions of the above described Lease Agreement are incorporated herein and made part hereof as if such terms and conditions were set forth in this Lease Schedule. The Lessee and Lessor reaffirm all of the terms and conditions of the Lease Agreement except as modified hereby.

Equipment Location: Same as above.

Term of Lease from Commencement Date: 60 months

Commencement Date: 03/01/2009

Monthly Lease Charge:

\$6,139.00

Security Deposit: Lessee shall deliver upon execution of this Lease Schedule by Lessee, a Security Deposit in the amount of \$6,139.00.

Equipment Description:

Manufacturer

Qty

Machine/Model

Equipment Description See Attached Exhibit A

Lessor reserves the right to discontinue funding on Lease Schedule No. 026 at any time based on any material adverse change in the Lessee's financial condition, a change in the Equipment Configuration or any delay in the delivery and acceptance of the Equipment. The Monthly Lease Charge will be prorated on an interim basis until Lease Commencement. Provided that no Default shall have occurred and be continuing, Lessee shall be entitled, at its option, upon written notice to Lessor at least 120 days prior to the end of the Initial Term, to purchase all but not less than all of the above described Equipment, on an AS-IS WHERE-IS basis, at a purchase price equal to one dollar (\$1.00).

Accepted By:		Accepted By:		
	First Premier Capital LLC "LESSOR"		ALLIED HEALTH CARE SERVICES, INC. "LESSEE"	
Ву:	+1av	Ву:	Chryles of Stewart	
Name:	signature Stephen V. Alpeter	Name:	signatur Charles K. Schwartz	
Title:	please print or type Partner	Title:	please print or type President	
Date:	2/27/09	Date:	4/26/09	

Exhibit A

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Lease Agreement No. ALL022207 Lease Schedule No. 026 Equipment Description

Mfg LifeCare	<u>Oty</u> 50	Mach/Mod PLV 102	Equipment Description Ventilators	Serial Number 154862
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